

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2014

Docket No. ACR2014

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-2 OF CHAIRMAN'S INFORMATION REQUEST NO. 10

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 10, issued on February 19, 2015. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. This question concerns the negotiated service agreement between the Postal Service and Valassis Direct Mail, Inc. (Valassis NSA).¹ In FY 2013, Valassis did not mail any pieces eligible for contract prices [Contract Pieces] under the Valassis NSA.² In its FY 2014 ACR, the Postal Service states, "Valassis did not send enough NSA-eligible volume to qualify for volume discounts, and paid published rates during FY 2014. Therefore, there are no data to report."³

Did Valassis send any Contract Pieces during FY 2014? If the answer is yes:

- a. Please state how many Contract Pieces Valassis mailed during FY 2014. Please amend Library Reference USPS-FY14-30 to incorporate Valassis NSA volumes.
- b. Please identify the market(s) in which the Valassis NSA is operational, the date(s) the Valassis NSA began operating in each market, and the geographic areas where the Valassis NSA will operate.⁴

RESPONSE:

- a. No Contract Pieces were mailed by Valassis during FY 2014.
- b. Valassis NSA-related operations began in each of the following markets in May 2013: Atlanta, GA; Phoenix, AZ; and Washington, DC. Valassis ceased NSA-related operations in Atlanta, GA in August 2013. Valassis ceased NSA-related operations in Phoenix, AZ and Washington, DC in December 2013. No Valassis NSA-related operations are in effect at present in any markets and there are no plans to resume mailing this product in 2015.

¹ Docket Nos. MC2012-14 and R2012-8, Notice of the United States Postal Service of Filing of Contract and Supporting Data and Request to Add Valassis Direct Mail, Inc. Negotiated Service Agreement to the Market-Dominant Product List, April 30, 2012, Attachment B.

² Docket No. ACR2013, Responses of the United States Postal Service to Questions 1-20 of Chairman's Information Request No. 4, February 6, 2014, question 14.

³ United States Postal Service FY 2014 Annual Compliance Report, December 29, 2014, at 37.

⁴ See Docket Nos. MC2012-14 and R2012-8, Order Approving Addition of Valassis Direct Mail, Inc. Negotiated Service Agreement to the Market Dominant Product List, August 23, 2012, at 42 (Order No. 1448).

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2. Section IV.G. of the Valassis NSA requires Valassis to pay the Postal Service a \$100,000 "transaction fee" if Valassis mails fewer than 1,000,000 Contract Pieces during the 12-month period following the initial 90-day period of the contract.

- a. Has Valassis paid the Postal Service the \$100,000 transaction fee?
- b. If not, please explain why Valassis has not yet paid the transaction fee and what steps the Postal Service has taken to collect the transaction fee.
- c. Please provide a copy of any amendment(s) revising the Valassis NSA. See Section VII of the Valassis NSA.

RESPONSE:

- a. No. Valassis did not mail any pieces eligible for contract prices in FY 2014.
- b. No transaction fees were incurred in FY 2014. Although Valassis did mail 2,000,000 pieces of Standard Mail in FY2013 for which the Postal Service received \$301,693 in postage, these pieces did not qualify as eligible mail under the NSA.⁵ The Postal Service has deferred collection of the \$100,000 as it considers and evaluates its business options.
- c. The Valassis NSA has not been amended.

⁵ Pursuant to Article III. E of the NSA, the volume of Standard Mail Saturation Flats entered at a DDU must meet or exceed eighty-five percent (85%) of the total volume of Contract Pieces.